



# Acquisition of Inteliquent

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CEO

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CFO

**Thomas Heath**  
Chief Strategy Officer & Head of Investor Relations



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**SEK 6.6bn**  
revenue in the  
past 12 months

**SEK 786m**  
Adj. EBITDA in the  
past 12 months

**SEK 96bn**  
Market Cap

**1,792**  
people

**47** countries with  
local presence

Customer engagement through mobile technology

**120 billion**  
engagements per year

Publicly listed on  
**NASDAQ**  
in Stockholm



Scalable cloud communications  
platform for messaging, voice and video



Serving 8 of the 10 largest  
U.S. tech companies



Consumer penetration



Growing, global, multi-billion  
USD market



Profitable since our  
foundation in 2008

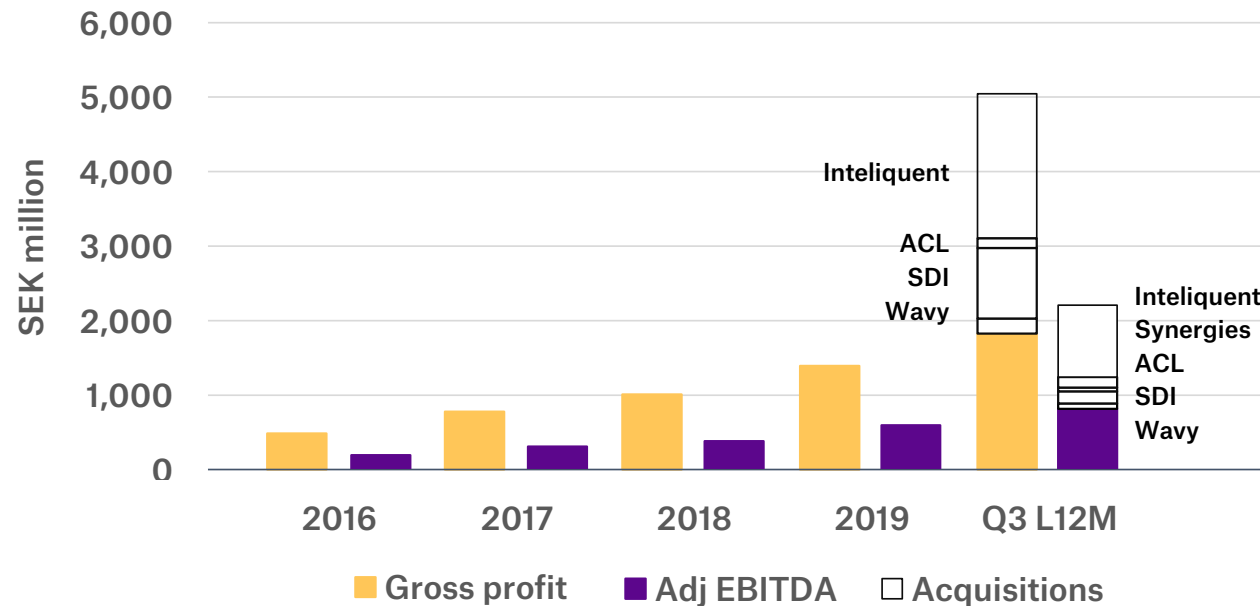


>650% growth in gross  
profit since IPO in 2015

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# Global scale and leadership



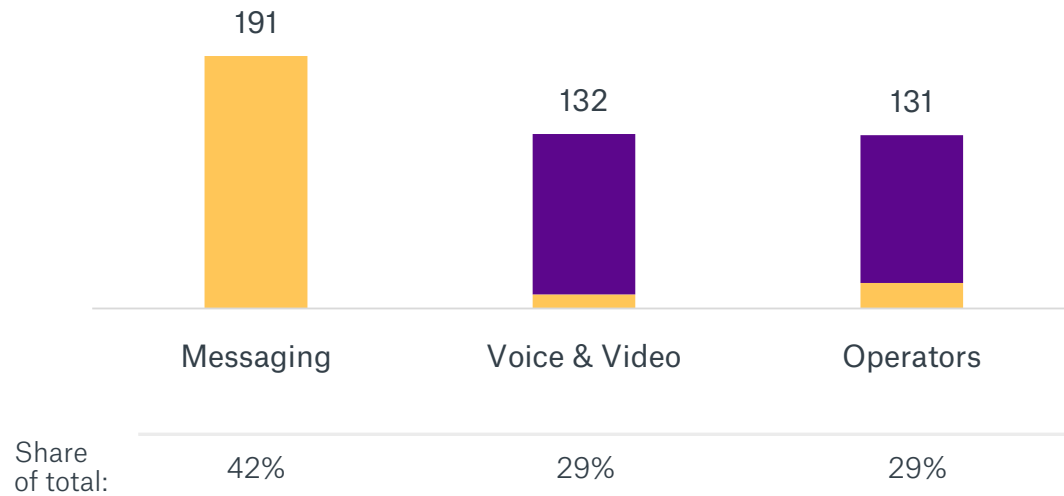
- **Focus on Gross profit since passthrough revenues vary between geographies**
- **Acquisitions adding significantly to our scale and profitability**
- **Inteliquent adds 62% to full year gross profit and 78% to Adj EBITDA**



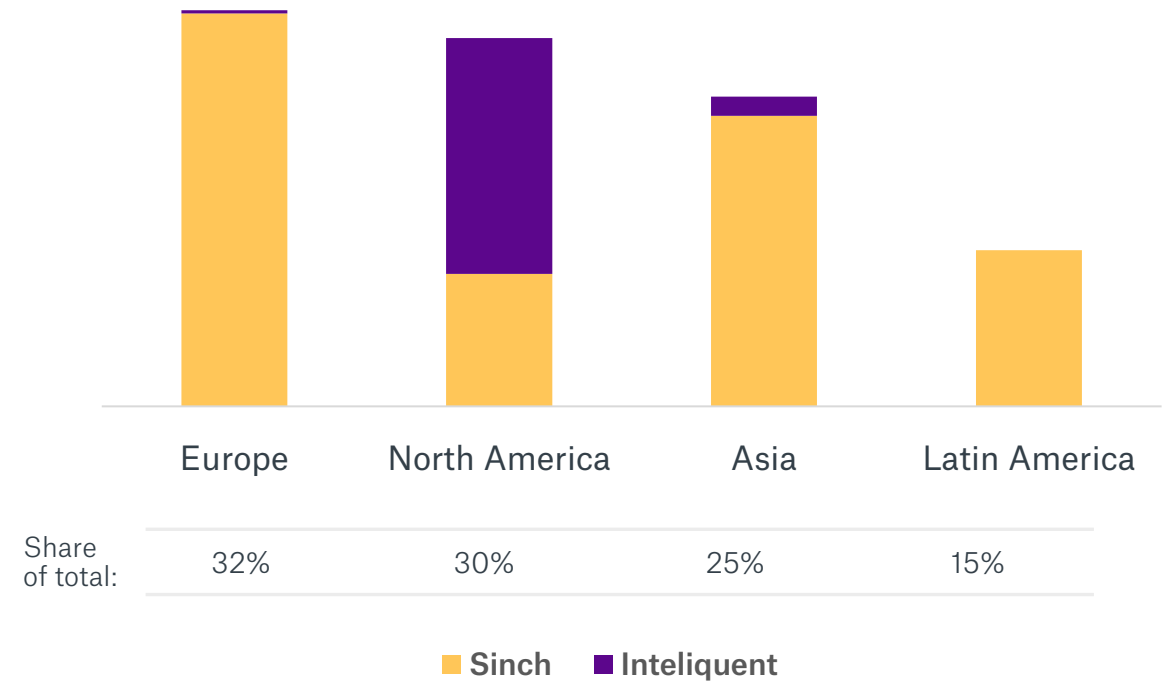


# Adding voice & strengthening our US presence

### Gross Profit, rolling 12 months\*



### Headcount distribution\*



\* Pro forma as of Q3 2020, including Inteliquent

# Playbook for profitable growth

## Software-as-a-Service

- Empower businesses to leverage rich and conversational messaging
- Increase software value-add (CPaaS) in addition to our connectivity offering
- Increase stickiness with maintained scalability

## Connectivity

- Ensure leading direct global connectivity without middlemen
- Differentiate through superior quality, scale and reach
- Benefit from market growth and continue to win market share

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# Leveraging M&A to meet strategic objectives

## Technology & Go To market

- Complementary technology that fits our strategic product roadmap
- Go To Market-ability in relevant products and geographies
- Increased software value-add with higher gross margin
- Future growth drivers

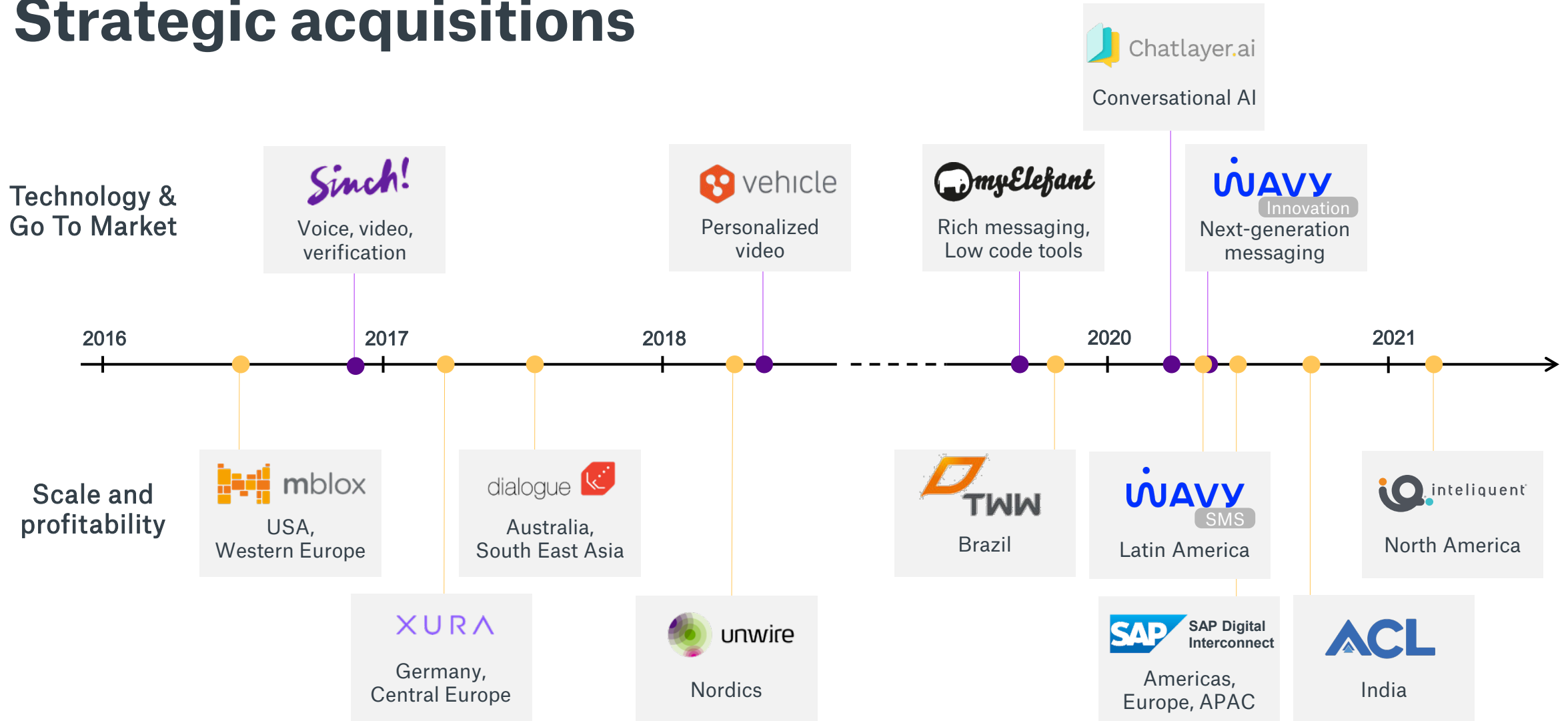
## Scale and profitability

- Acquire sticky customer relationships
- Add direct operator connections
- Leverage shared platform assets and extract synergies
- EV/EBITDA-accretive: acquiring profit at a valuation below our own

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# Strategic acquisitions



# Deal rationale

## Inteliquent

- Largest independent voice communications provider in the United States
- 300+ billion voice minutes per year and 100+ million active phone numbers
- Around 600 employees including contractors with headquarters in Chicago, Illinois

## Deal rationale

- Establish Sinch as a leader in voice communications selling to the largest US voice customers
- Super network for voice reaching 94% of the US population without middlemen
- Accretive deal that fits Scale and Profitability category

## Integration

- Integration costs estimated to reach USD 25 million over 18 months
- Cross- and upsell combined Sinch+Inteliquent product portfolio
- Reinvest USD 15-20 million of EBITDA to accelerate joint roadmap in CPaaS voice, strengthen enterprise go to market and expand voice offering internationally

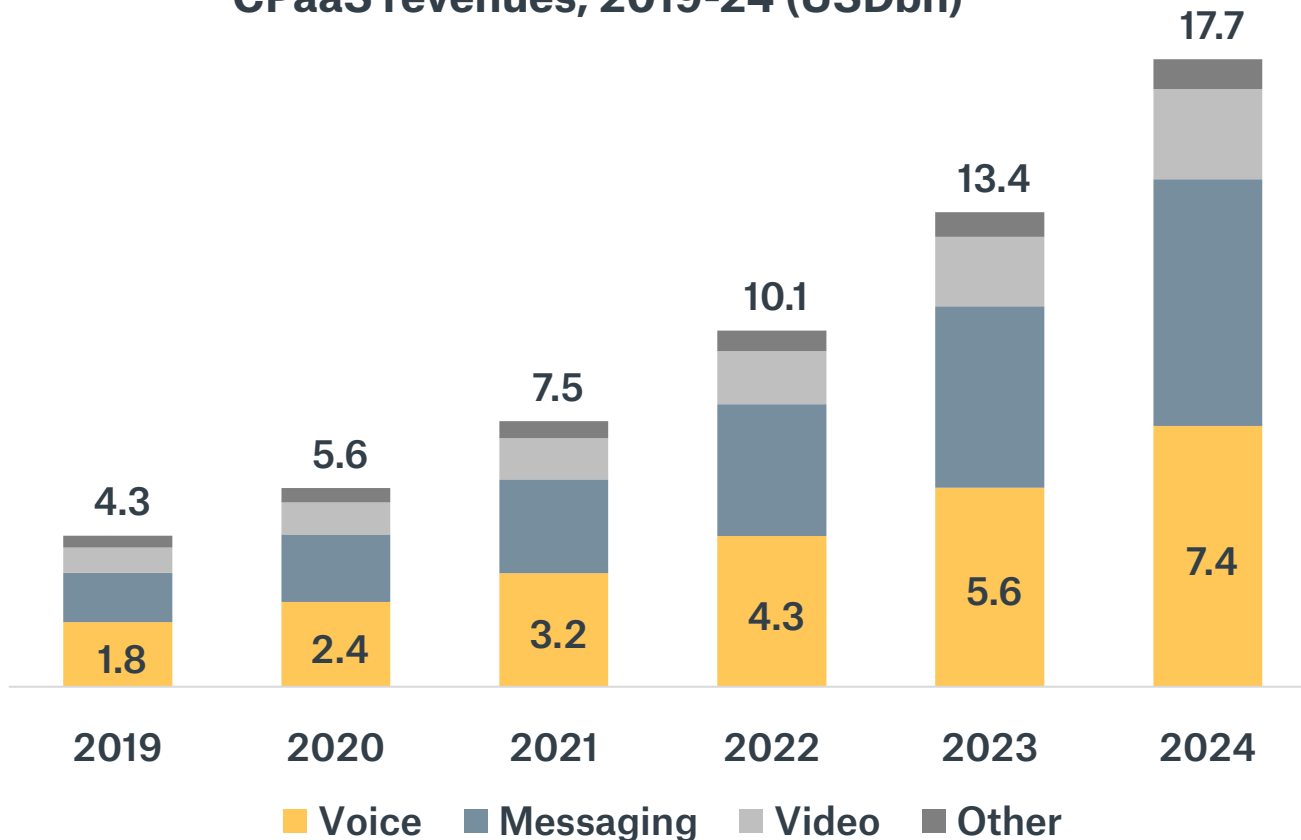
## Financials

- Enterprise value of USD 1,140m. Closing is subject to regulatory approval, closing expected in H2 2021
- Reported revenues of USD 533m, gross profit of USD 256m, and EBITDA of USD 135m in 2020
- Revenues of USD 499m, GP of USD 233m and Adj EBITDA of USD 112m excl. temporary Covid uplift
- Underlying year-on-year revenue growth around 11% over the past 2 years driven by growth in CPaaS



# CPaaS driving demand for voice

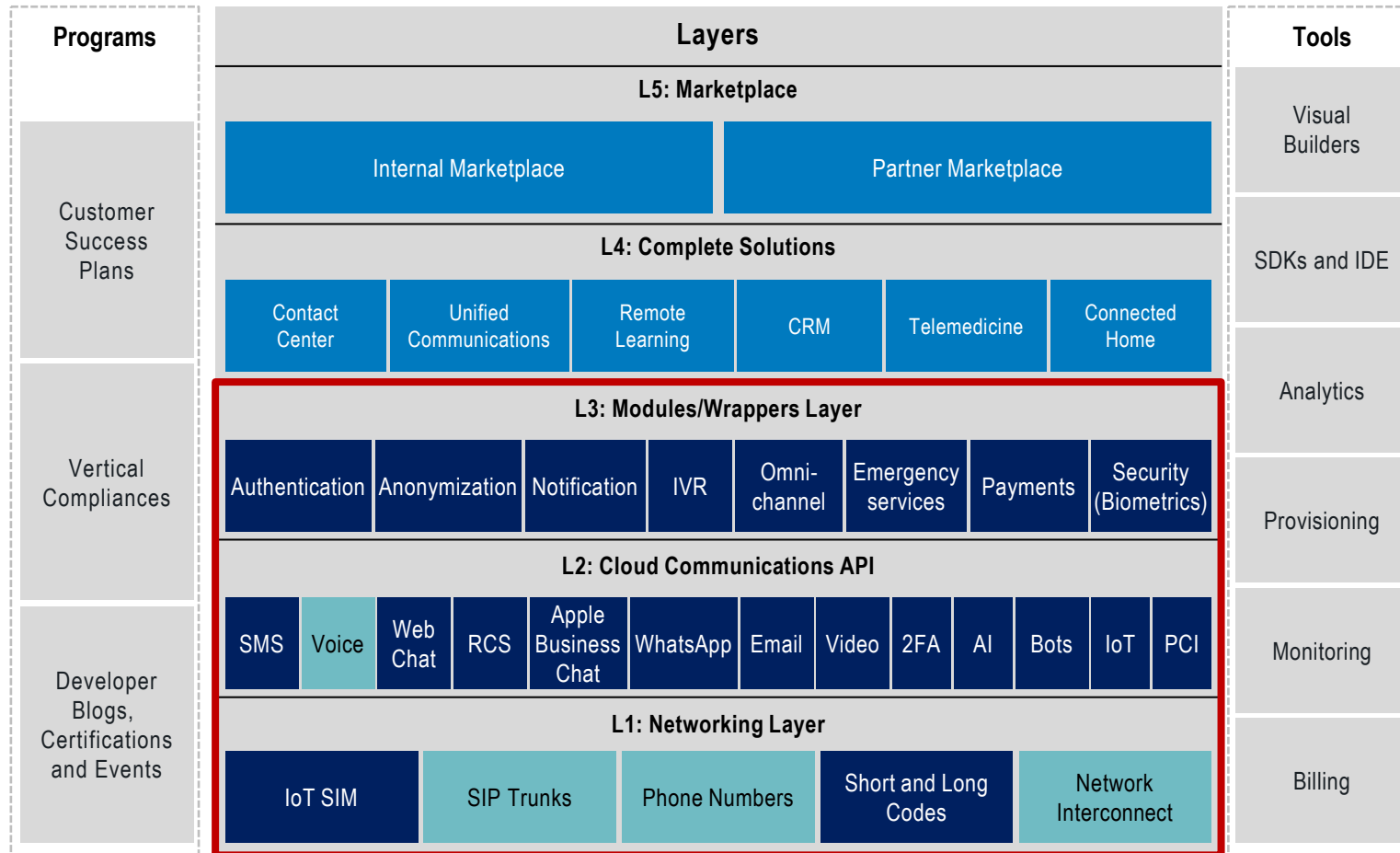
CPaaS revenues, 2019-24 (USDbn)



- CPaaS voice expected grow with a 33% CAGR in 2019-24
- Growth driven by continued digital transformation and increased use of API-based voice products
- Increased convergence of voice and messaging



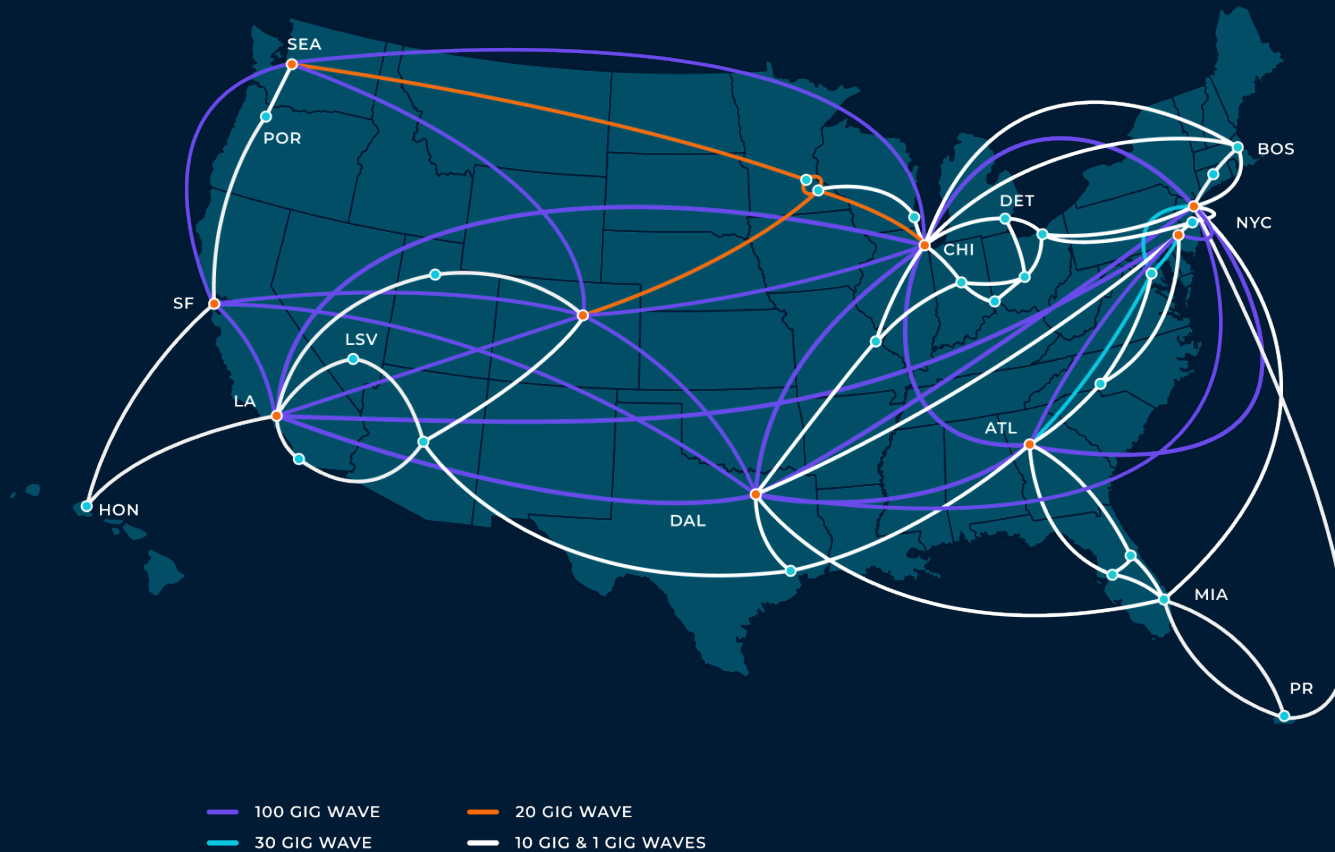
# The Gartner CPaaS stack



- Focus on Gartner levels 1-3
- Differentiate by quality
- Secure profitability through superior scale



# America's leading Super Network for Voice



- **100+ million phone numbers powered by our network**
- **300+ billion minutes of use on our network annually**
- **37% greater local number coverage than other providers**
- **99.999% uptime backed by 43 geo-redundant points of presence across the U.S.**

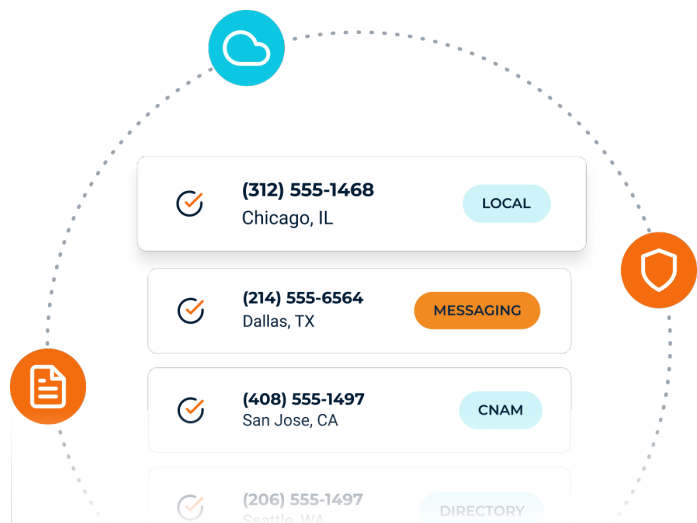


# Serving the category leaders in every sector

- Top 5 Collaboration Companies
- Top 5 Communications Platform Companies
- 10 of Top 12 VoIP Companies

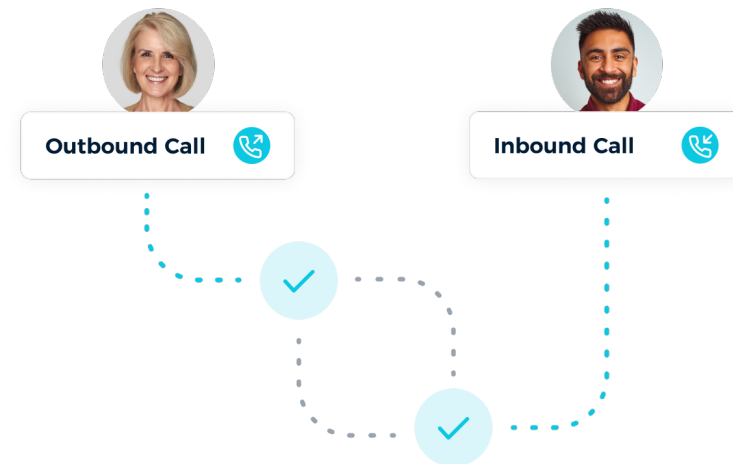


- Top 5 Wireless Carriers
- Top 5 Cable Companies
- Top 5 Wireline Companies



## CPaaS

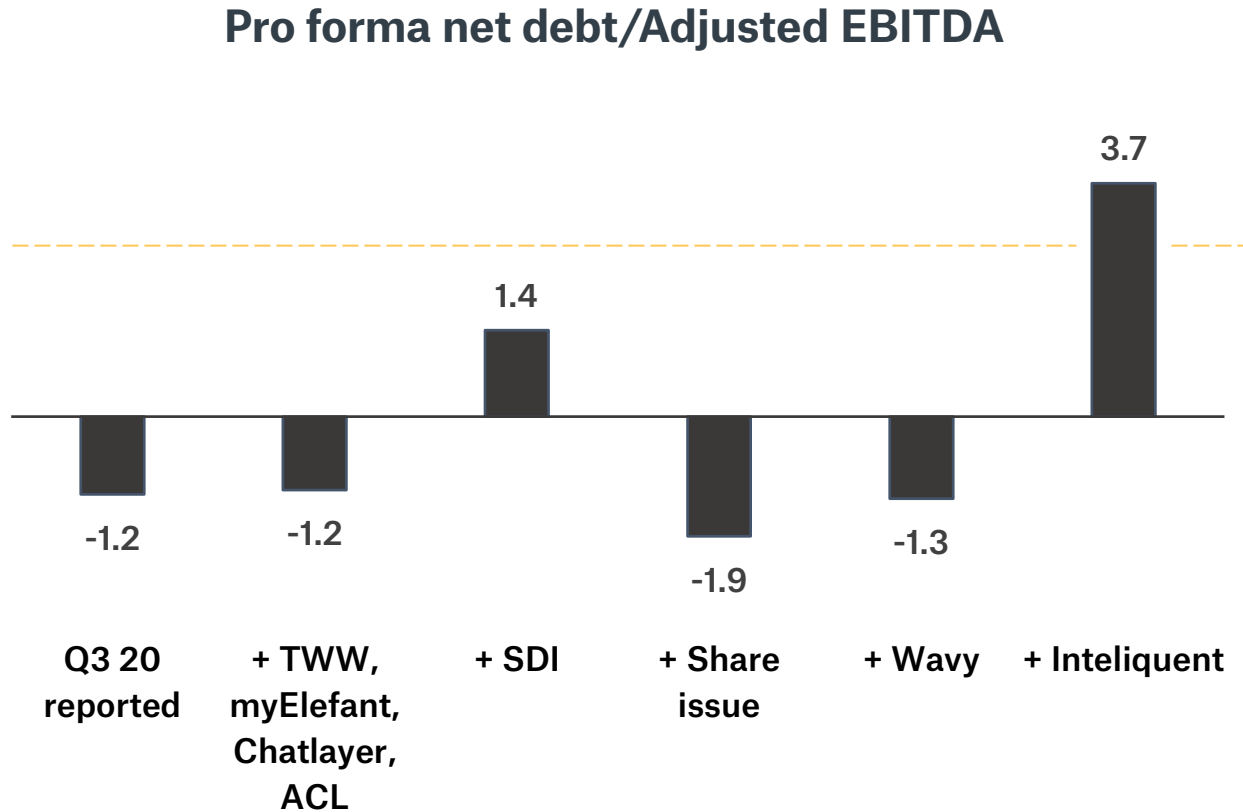
- Full service provider of inbound and outbound voice calling
- Unrivalled access to local phone numbers across the US
- API-based delivery model
- 52 percent of L12m Gross Profit



## IaaS

- Strategic relationships with major wireless carriers
- IP-based voice interconnection for off-net call termination
- Outbound traffic routing to toll-free numbers (8YY)
- 48 percent of L12m Gross Profit

# Financial leverage

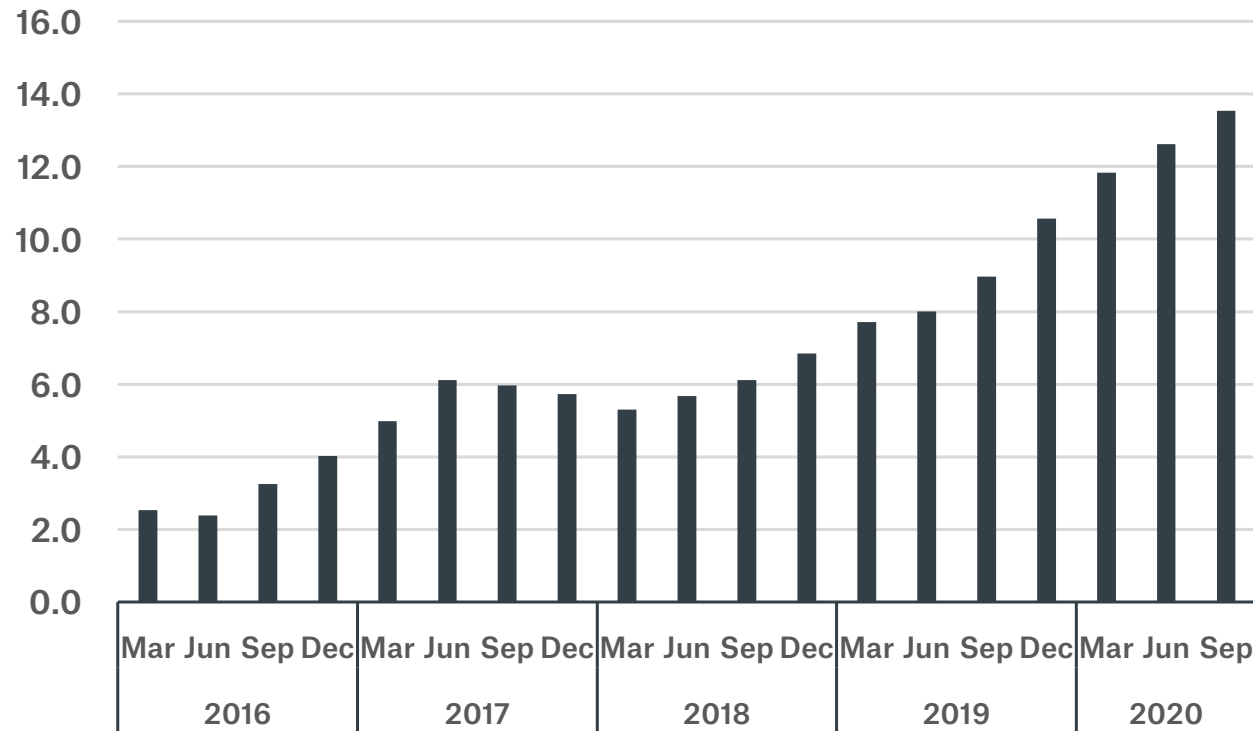


- Pro forma calculation includes last 12 months of Adj EBITDA for acquired entities
- Financial target is to maintain Net debt < 2.5x adjusted EBITDA over time
- Pro forma Net debt/Adj EBITDA of 3.7x to decline ahead of closing with cash generation and earnings growth
- Financing agreed with lending banks, total debt commitments of SEK 9.7 bn



# Financial targets

Adjusted EBITDA per share, rolling 12 months



## Targets:

- Adjusted EBITDA per share to grow 20% per year
- Net debt < 2.5x adjusted EBITDA over time

## Performance:

- Adjusted EBITDA per share grew 51% in Q3 20, measured on a rolling 12 month basis
- Net debt/EBITDA of -1.2x, measured on a rolling 12 month basis (see previous slide)



**Thanks!**

